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May 22, 2025

VIA EMAIL [Jason.Arrington@ssa.gov]

SSA OIG Office of Audit
1301 Young Street, Suite 440
Dallas, TX 75202

Subject: Response to SSA OIG Audit No. 022324

Dear OIG Representatives,

Please let this letter serve as Verizon's official response to the OIG Audit No. 022324 titled "The Social Security Administration's Administration of the Next Generation Telephony Project Contract" issued on April 23, 2025. Verizon appreciates the opportunity to address the findings and recommendations outlined in the report, in accordance with the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 5274, because Verizon was not engaged or consulted prior to the issuance of the report.

We appreciate the OIG's oversight and guidance in this matter. Verizon has reviewed the report and provides additional details and corrects certain assertions and findings made in the report. First, Verizon highlights the objective performance of the NGTP National 800 Number (N8NN) System. Second, Verizon provides clarifications and corrections to certain assertions and findings.

Performance of the NGTP N8NN System

It is important to understand how well the NGTP National 800 Number system[1] operated by looking at objective metrics. By June 2024, the NGTP system had been in operation for nine months and it reached the following achievements without any significant incidents:

- Received over 45 million calls;
- Supported over 15 million agent interactions;
- Successfully implemented call deflection;
- Served 2,187,992 callers through self-service within the IVR; and
- Processed 2,227,430 callbacks.

These objective criteria significantly exceeded those of both the prior incumbent system and the temporary Unification system.[2]

Clarifications/Corrections to Certain Assertions

In responding to the report, Verizon provides additional detail and context to correct certain assertions and findings. Specifically, Verizon appreciates OIG's recognition that during the course of performance, SSA sought to enforce new, non-contractual criteria. Second, Verizon provides additional detail to explain why the finding that Verizon delayed the implementation of the NGTP N8NN system is not supported. Third, Verizon clarifies that customers' frustration with the Call Back Assistant function is not attributable to Verizon. Finally, Verizon corrects the implication that SSA only discovered the structure of the NGTP system during user acceptance testing.

First, Verizon agrees with the conclusion that, for the alleged deficiencies, "[t]he NGTP contract lacked a true performance-based work statement and payment schedule as detailed in the FAR and SSA's Acquisition Handbook, and it did not have specific measurable performance standards . . . ."[3] This conclusion arises from the fact that the criteria underpinning SSA's deficiencies claim were never contractual requirements. Instead, SSA sought to impose the

[1] SSA drafted the NGTP contract to require the creation of a complex system that unified the N8NN system with the field offices. When SSA removed the field offices from the scope of work, the system fundamentally changed, but Verizon was provided no opportunity to accordingly simplify its system design.

[2] Importantly, although SSA expressed concerns with the system, it issued an ATP based on the system as designed, and it never terminated Verizon's NGTP contract. Instead, on January 7, 2025, SSA issued a notice of intent not to exercise the next option period so it could move to a simplified system that did not include the field offices.

[3] It is important to note the contract did contain specific performance criteria tied to payment terms. This is shown in SSA's compliance tables created through the User Acceptance Testing that had deficiencies tied to specific contract terms. For these contractual terms, Verizon agreed with SSA's assessments and resolved the issues. However, for the alleged deficiencies subject to this audit report, these were not tied to contractual terms, but were attempts at adding new, post-award criteria.

criteria post-award, and for many of them, SSA sought to impose them long after the design had been approved.[4]

Some of the newly sought criteria contradicted contractual requirements. For example, SSA required a substantial increase to the wait queue. Accordingly, when SSA lacked sufficient agents to answer calls,[5] the system would place them in a wait queue, instead of disconnecting them as the previous system did. As the dropped calls in the prior system did not count against wait time, the increased wait queue in the NGTP system necessitated a corresponding increase in the average wait time metric, even if superior customer service was provided.

The finding that the criteria were not contractual is also consistent with SSA's own contemporaneous admissions. Prior to issuing the ATP to allow Verizon to operate the system, SSA recognized that the disputed criteria were non-contractual and sought to amend the contract to make them new contractual requirements prior to issuing the ATP.[6] When Verizon rejected this demand, SSA moved forward with issuing the ATP without its new criteria being contractual requirements.[7]

Second, the complete, contemporaneous record does not support a finding that Verizon delayed the transition to the NGTP N8NN system. For the first delay resulting from the implementation of the temporary Unification system, it is important to note that the decision to build a Unification system was not at Verizon's initiative. SSA was not ready to move forward with the NGTP system due to conditions created by the pandemic. Once SSA was ready to move forward with the NGTP system, implementation was again pushed back due to SSA delays associated with making available their Data Center Virtual Infrastructure platform, which Verizon was required to use. SSA's responsibility for this second delay was memorialized in a confidential, written settlement agreement in which SSA provided Verizon additional time and funds due to government-caused delays.

Third, the audit report implied that Verizon was responsible for the NGTP system's

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[4] There is also no objective disagreement that SSA accepted the system. SSA issued written acceptance for the sites, and acknowledged in writing that the only contractual acceptance criteria were the successful operation of the system for 30 days, which was met.

[5] Committee on Finance, United States Senate, Statement for the Record, SSA Commissioner Martin O'Malley (March 20, 2024) ("As a result of this historic underfunding and understaffing, Social Security faces a service delivery crisis. . . . So that is how we spend our weeks fighting to serve an all-time high number of customers with a 27-year low in staffing. . . .Years of underfunding have decimated our staffing levels and therefore also our ability to serve the public."), available at https://www.finance.senate.gov/hearings/the-presidents-fiscal-year-2025-social-security-administration-budget

[6] In its August 25, 2023 letter, SSA acknowledged that the contract "currently provided" for acceptance "after only 30 days of use," and requested revised acceptance terms in the form of a bilateral modification that would be contingent upon completion of POAMs and settling SSA's design claims.

[7] September 8, 2023 SSA Authority to Proceed (ATP) ("This letter serves as a formal notice of Authority to Proceed (ATP) with site cutovers of the SSA National 800 number call-center sites.")

Callback Assist (CBA) design that put customers "back into the queue rather than connected to a representative . . . negat[ing] the benefit of selecting a scheduled callback and further frustrat[ing] customers." To the contrary, customers' frustrations with CBA were the result of SSA's design directions for the CBA system.

During discovery sessions, SSA rejected Verizon's recommendation that SSA implement the agent-first CBA model that finds an available agent and then calls the customer, ensuring the agent is ready when the customer answers. Instead, SSA directed Verizon to implement a customer-first model that calls the customer directly, and then connects the customer to an available agent. The agent-first model recommended by Verizon would have delivered a better customer experience by avoiding customers having to wait in a queue.

Finally, Verizon disagrees with the finding that SSA only learned of the structure of the NGTP system during user-acceptance.[8] As set forth in the correspondence between SSA and Verizon, Verizon was transparent about the structure of the NGTP N8NN system from the start of the contract.[9] Verizon early on strongly pressed SSA to review and substantively engage on any concerns SSA had.[10] SSA did not engage on this issue[11] or allow alterations to the design,[12] but instead issued an ATP and ordered Verizon to transition to the NGTP system.

Conclusion

In summary, Verizon appreciates the opportunity to address the findings and assertions in Audit No. 022324. The NGTP N8NN system achieved significant performance milestones, exceeding both the previous systems in key metrics. Furthermore, Verizon agrees with OIG's conclusion that if SSA desires to enforce a performance metric, it must add that metric as a

[8] *See* Report at B-1 ("During user-acceptance testing, the Social Security Administration (SSA) identified design and performance issues with NGTP").
[9] *See, e.g.,* February 2022 System Design Document Diagrams (showing the structural flow that is the subject of SSA's objections—illustrating routes to six Communication Managers and the consequences of that structure).
[10] *See, e.g.,* October 28, 2022 Verizon Letter to SSA ("With the goal of transparency and cooperation in completing the NGTP build, we request that Verizon, SSA, and Avaya discuss these technical issues and potential gaps. Immediately below is our list of five concerns to discuss with SSA."); November 18, 2022 Verizon Response to SSA Letter of Concern ("It is for this reason that, while acknowledging our obligations, we respectfully request SSA's help and cooperation in facilitating . . . discussions to ensure all parties are working toward SSA's success and there is clarity on priorities."); January 6, 2023 Verizon Letter to SSA ("We appreciate your willingness to meet with us individually to discuss any issues related to the contract. We would be happy to schedule this meeting at your earliest convenience."); May 3, 2023 Verizon Letter to SSA ("We are particularly concerned about SSA personnel identifying non-contractual requirements during UAT and claiming that these changed terms are required to deliver an 'acceptable' system. This will not only siphon away vital resources, but it will also cause delays. To avoid this scenario, Verizon proposes that SSA and Verizon remain in frequent and high-level contact as testing progresses.").
[11] *See, e.g.,* November 11, 2022 SSA Letter to Verizon (declining the requested meeting to discuss technical issues and potential gaps).
[12] *See, e.g.,* December 15, 2022 SSA Letter to Verizon (threatening to terminate the NGTP contract for cause if Verizon seeks to proceed with an alternative solution).

contractual requirement, instead of unilaterally asserting it post-award.

Sincerely,

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